



Media Contact:
Deirdre M. Coyle
Phone: 617/292-2646
Dcoyle@icic.org

BALTIMORE IS ONE OF TOP CITIES
ON 2005 ICIC – INC MAGAZINE INNER CITY 100

FOUR COMPANIES FROM BALTIMORE MAKE
NATIONAL INNER-CITY BUSINESS INDEX

Boston, MA, June 22, 2005 – Today, the Initiative for a Competitive Inner City presented to Baltimore Mayor Martin O'Malley one of the 2005 Inner City 100 City Awards. Baltimore tied with New York City as the city with the second largest representation of companies on the list. Baltimore is home to four of the fastest-growing inner-city companies in America - 180s, Barcoding, Phyllis Wheatley Education Centers, and getintegrated.

The list, a ranking of 100 of the fastest-growing businesses in inner city areas around the country, reveals that virtually all of these companies are profitable and planning to expand their workforces. The 2005 Inner City 100 showed an astounding average annual growth of 827 percent between 1999 and 2003, compared with an average of 716 percent for all companies appearing on the Inner City 100 since its inception in 1999 and an average compound annual growth rate of 63 percent. This year's list was culled from more than 4,500 new nominations. These companies have created close to 10,000 new jobs in the past five years.

"Baltimore and Mayor O'Malley should be commended for the city's strong representation on this year's Inner City 100 list," said Dorothy A. Terrell, CEO and President of ICIC. "The Inner City 100 companies represent proof of concept that inner cities are hotbeds of economic activity, and that fostering business development in these areas leads to economic opportunities for all," she added.

-more -



ChevronTexaco

EWING MARION
KAUFFMAN FOUNDATION



PRICEWATERHOUSECOOPERS

Nominations for this year's list were received from 150 cities, with the winning companies based in 58 cities. Chicago, Denver and Detroit tie for the strongest representation on the list with five companies each and Baltimore and New York City have four companies each.

"I am honored to receive the 2005 Inner City 100 Award on behalf of the City of Baltimore for having four Baltimore-based companies on the Inner City 100," said Mayor Martin O'Malley.

"By locating their businesses in our city, these companies are taking part in Baltimore's comeback, creating jobs, and improving the quality of life for all of Baltimore's citizens."

Merrill Lynch, the international financial management and business advisory services company, returns for the 3rd year as national sponsor of the program. "Our partnership with ICIC and sponsorship of this year's Inner City 100 event gives Merrill Lynch a unique opportunity to recognize and support the vitality, creativity and leadership of these fast growing inner city companies," says John C. Minter, Jr., First Vice President and National Sales Director, Merrill Lynch Business Financial Services. "These companies embody the very best of American business."

The list represents the leading edge of a new approach to America's urban revitalization – one that relies not on charity but on the competitive advantages of inner cities. The Initiative for a Competitive Inner City (ICIC) has been studying the economic condition of the largest 100 American cities and is working to revitalize inner cities across the country.

According to ICIC's State of the Inner City Economies research, Baltimore's inner city has 172,028 jobs and 7,528 establishments. In the rest of Baltimore's metropolitan area, there are 872,493 jobs and 54,721 establishments. There are about 22.9 jobs per establishment in the inner city, compared with 15.9 in the rest of the metropolitan area.

"Baltimore's inner city continues to foster a strong entrepreneurial spirit," says Tiffany McGhee Finance Advisor, Merrill Lynch. "Our partnership with ICIC and sponsorship of the this year's Inner City 100 event gives Merrill Lynch a unique opportunity to recognize and support the vitality, creativity and leadership of these fast growing inner city companies."

The 2005 Inner City 100 winners attended the Inner City 100 Summit in Boston for a two-day event featuring seminars for Inner City 100 owners and managers at Harvard Business School, a reception at Fenway Park, and culminating in a gala awards dinner, where more than 1,000 guests attended.

Highlights of the 2005 Inner City 100 list include:

- Thirty-one percent of the companies on the list are minority-owned (compared with 11 percent nationally) and 18 percent are owned by women;
- Twenty-nine percent said recruiting qualified employees was one of the top factors limiting growth;
- When it came to raising capital, 45 percent of companies reported some difficulty in doing so. In turn, 89 percent used personal assets to start their business;
- Forty percent of company employees live in the inner city, including 38 percent of all “rank and file” employees and 10 percent of all senior management;
- Seventy-two percent of companies lease their location, rather than own;
- The average age of a CEO at the time their company was founded was 34; 53 percent of all CEOs have completed at least four years of college; and 78 percent live or have lived in an inner city;
- On average, CEOs owned 62 percent of their companies, while outside investors averaged 10 percent ownership

The record number of nominations received this year was largely due to the Inner City 100 National Program Sponsor Merrill Lynch and nominating partners such as National Association of Manufacturers, National Women’s Business Council, New America Alliance, and U.S. Conference of Mayors.

“We have learned from the Inner City 100 CEOs and employees that success is more certain when you reverse thinking from addressing deficits in the community to building upon its assets,” added Terrell. “Our partnership with Merrill Lynch will significantly enhance ICIC's capacity to find and celebrate the impact of the company’s success on the neighborhoods where it does business.”

For more information about the 2004 Inner City 100 list contact Deirdre Coyle at 617 292-2363 ext.242. The list can be found on www.innercity100.org.

Editor’s note: The Inner City 100 winners are based in 58 cities. Inner City 100 companies were selected from a pool of over 4,500 new nominations including 500 from Merrill Lynch and 600 from Mayors’ offices. These companies were nominated from 150 cities compared. Criteria for the award include having at least 51 percent of operations located in economically distressed urban areas; having sales of at least \$150,000 in 1999 and at least \$1 million in 2003. Average

annual sales for the 100 companies in 2003 was in excess of \$21 million. Collectively, sales totaled more than \$2.2 billion.

About Initiative for a Competitive Inner City

The Initiative for a Competitive Inner City (ICIC) is a national not-for-profit organization founded in 1994 by Harvard Business School professor Michael E. Porter to promote a market-based approach and cutting-edge solutions for inner-city revitalization. ICIC's mission is to build healthy economies in America's inner cities that create jobs, income, and wealth for local residents. We act to transform thinking, provide cities with a new vision of economic development, and engage the resources of the private sector to accelerate inner-city business growth. For more information, please visit our web site at www.icic.org.

About Inc

Inc is the leading magazine written for the men and women who own and manage small-to-mid-sized, fast-growing companies. Published 12 times a year, Inc helps its 1.5 million readers by providing expert advice and practical solutions as they face the opportunities, pitfalls, and rewards of growing a company. inc.com (www.inc.com), the Web site for growing companies, was named Best Online Magazine by Folio and Best Overall New Publication (all media) by the Computer Press Association.

About Merrill Lynch

Merrill Lynch is one of the world's leading financial management and advisory companies, with offices in 36 countries and total client assets of approximately \$1.1 trillion. As an investment bank, it is a leading global underwriter of debt and equity securities and strategic advisor to corporations, governments, institutions and individuals worldwide. Through Merrill Lynch Investment Managers, the company is one of the world's largest managers of financial assets. For more information on Merrill Lynch, please visit www.ml.com.

###

#4 180s

Baltimore, MD

2003 Revenues: \$44.7 million

Employees: 98

Standard Five-Year Growth: 3,643%

CAGR: 147%

CEO: Brian LeGette

Stylishly warm ears was Brian La Gette and Ron Wilson's goal when they designed 180s, an innovative ear warmer that wraps around the back of the head. Starting as a class project at the Wharton School in 1994, the two MBA students raised start-up funding through a mixture of credit card debt and \$100,000 from fellow students. The company has since grown to occupy a 48,000 square foot space in Baltimore's inner harbor that includes both a research and development center with a temperature control environment for in-house weather simulation and an interactive store-front where consumers can personally test new designs. Patented products, including sunglasses and gloves in addition to ear warmers, are featured at more than 18,000 retail outlets worldwide.

#11 Barcoding

Baltimore, MD
2003 Revenue: \$15.2 million
Employees: 50
Standard Five-Year Growth: 1840%
CAGR: 110%
CEO: Jay Steinmetz

Barcoding CEO and founder Jay Steinmetz comes from a systems design background, including working on the Bradley Fighting Vehicle. After moving to Baltimore, MD for his job, he sought to start his own business with a newfound partner he hoped had the accounting and business experience to complement his technical abilities. The partnership quickly went sour and after a nasty personal and legal battle, Steinmetz pulled himself up and started over, first buying domain names, including Barcoding.com. When the bubble burst, they dropped the “.com” to avoid being categorized as an e-commerce company and took advantage of the failure of companies like Kozmo.com and Pets.com by buying up their inventory cheap and reselling it. The company now focuses on automated data collection and identification and wireless technology, including hardware and software, out of its headquarters in a converted warehouse in Baltimore’s Canton neighborhood.

#58 Phyllis Wheatley Education Centers

Baltimore, MD
2003 Revenue: \$1.3 million
Employees: 42
Standard Five-Year Growth: 392%
CAGR: 49%
CEO: Thomas Hardnett

Before purchasing Phyllis Wheatley Education Centers (named after the first great African-American poetess) Thomas Hardnett worked for former Inner City 100 winner Henry Baines’ Stop Shop Save grocery chain, one of the largest minority-owned grocery chains in the country, as Human Resources Director. After wanting to start a childcare facility for employees, Baines encouraged him to start his own business. With his wife, who’d worked in childcare, Hardnett purchased one location and struggled to make money while he taught at night. After taking the reigns of the business full-time, the company began to expand and they now operate several locations and Phyllis Wheatley Adult Education as well. The company works with local workforce development programs to hire from the local community so the employees reflect the clientele, and has begun coaching churches on opening their own childcare centers. They are looking into franchising or opening additional locations to continue expansion.

#87 getintegrated

Baltimore, MD
2003 Revenues: \$20.9 million
Employees: 42
Standard Five-Year Growth: 207%
CAGR: 32%
CEO: Brian McComas

Starting as your run-of-the-mill human resources outsourcing firm, getintergrated knows something about rolling with the times. In 2000, when CEO Brian McComas realized the industry was changing, he re-launched his business as a dot.com. The company became a human resources management service operating chiefly through web portals. McComas plans to expand into helping clients deal with customer service and accounting as well. Based in downtown Baltimore, getintegrated has clients in 40 different states.